

MULTIMEDIA



UNIVERSITY

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# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

TRIMESTER 2, 2018/2019

### BAC1044 – PRINCIPLES OF ACCOUNTING

(All sections / Groups)

11<sup>th</sup> MARCH 2019  
2.30pm – 4.30pm  
(2 Hours)

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#### INSTRUCTIONS TO STUDENTS

1. This question paper consists of 6 printed pages excluding cover page with 4 questions only.
2. Answer **ALL** questions. Marks are shown at the end of each question.
3. Answer in the answer booklet provided.

**QUESTION 1**

(A) During November 2018, the following transactions have been completed:

1. The owner invests RM40,000 in cash in starting a stationery shop operating as a sole proprietorship.
2. Purchased office supplies for RM500 on credit.
3. Purchased office equipment for RM9,000, paying RM4,000 in cash and signed, RM5,000, note payable.
4. Credit sales amounting RM4,000.
5. Paid RM800 in cash for the current month's rent.
6. Paid RM100 cash on account for office supplies purchased in transaction 2.
7. Received a bill for RM700 for advertising for the current month.
8. Paid RM2,500 cash for office salaries and wages.
9. The owner withdrew RM1,800 from the business for personal use.
10. Received a cheque for RM2,500 from a client in payment on account billed in transaction 4.

**Required:**

Journalize the above transactions in General Journal form. Explanations are not required.  
(10 marks)

(B) Selected below are the transactions incurred for the year ended 2018 of Syarikat Malinja Sdn. Bhd.

	<u>Debit or Credit</u>
1. An increase in Salaries Expense.	_____
2. A decrease in Accounts Payable.	_____
3. An increase in Prepaid Insurance.	_____
4. An increase in Owner's Capital.	_____
5. A decrease in Supplies.	_____
6. An increase in Owner's Drawings.	_____
7. An increase in Service Revenue.	_____
8. A decrease in Accounts Receivable.	_____
9. An increase in Rent Expense.	_____
10. An increase in Equipment.	_____

**Required:**

Under a double-entry system, show how the entry in each above statement is entered in the ledger by using debit or credit to indicate the increase or decrease in the affected account.

(10 marks)

**Continued...**

(C) Presented below is the selected list of events and transactions occurred during the year 2018 for a business.

1. Financial statements are the major means of communicating accounting information to interested parties.
2. The recording process becomes more efficient and informative if all transactions are recorded in one account.
3. Income will always be greater under the cash basis of accounting than under the accrual basis of accounting.
4. Both direct labor cost and indirect labor cost are product costs.
5. A flexible budget report will show both actual and budget cost based on the actual activity level achieved.

**Required:**

Identify whether the above statement is **TRUE** or **FALSE**.

(5 marks)

**(Total: 25 marks)**

**Continued...**

**QUESTION 2**

Mydina Corporation has the following balances in its books as at 31<sup>st</sup> December 2018.

	<b>Debit (RM)</b>	<b>Credit (RM)</b>
Premises	900,000	
Motor vehicles	300,000	
Office equipment	300,000	
Accumulated depreciation:		
- Motor vehicles		76,000
5% Loan from ABC Bank		750,000
Fixed deposit at DEF Bank	100,000	
Cash at bank	60,000	
Cash in hand	50,000	
Account payable		148,800
Inventories, 1 <sup>st</sup> January	80,000	
Account receivable	95,000	
Dividends	10,000	
Share Capital		800,000
Office supplies	20,000	
Carriage inwards	12,000	
Returns	4,500	7,000
Purchases and sales	460,000	870,000
Discounts	15,000	17,000
Salaries expense	150,000	
Repair and maintenance expense	80,500	
Commission received		10,000
Insurance expense	24,000	
Utilities expense	16,000	
Rental received		20,000
General expense	21,800	
	<b>2,698,800</b>	<b>2,698,800</b>

**Additional information:**

1. Closing inventories as at 31<sup>st</sup> December 2018 was valued at RM120,000.
2. Interest on loan has been accrued for the year ended. The loan was taken on 1<sup>st</sup> July 2018.

**Continued...**

3. Depreciation has to be provided:  
Office equipment 15% on straight line method.  
Motor vehicles 10% on reducing balance method.
4. Office supplies in hand as at 31<sup>st</sup> December 2018 was RM11,300.

**Required:**

- a) Prepare the Profit or Loss Statement for the year ended 31<sup>st</sup> December 2018. (12 marks)
- b) Prepare the Retained Earnings Statement for the year ended 31<sup>st</sup> December 2018. (4 marks)
- c) Prepare the Statement of Financial Position as at 31<sup>st</sup> December 2018. (9 marks)

**(Total: 25 marks)**

**QUESTION 3**

- (A) Amira Berhad reported net income of RM180,000 for the current year, 2018. Depreciation recorded on equipment amounted to RM80,000 for the year. Balances of the current asset and current liability accounts at the beginning and end of the year are as follows:

	2018	2017
Cash	RM20,000	RM15,000
Accounts receivable	24,000	32,000
Inventories	50,000	65,000
Prepaid expenses	9,500	5,000
Accounts payable	12,000	18,000
Income taxes payable	1,600	1,200

**Required:**

Prepare the cash flows from the operating activities section of the company's statement of cash flows for the year ended 31<sup>st</sup> December 2018, using the indirect method. (10 marks)

- (B) In the month of September, Marissa Batik sold 800 pieces of clothes. The average sales price was RM30. During the month, fixed costs were RM6,300 and variable costs were 70% of sales.

**Continued...**

**Required:**

1. Determine the contribution margin in ringgits, per unit, and as a ratio. (6 marks)
2. Compute the break-even point in ringgits and in units, using the contribution margin technique. (4 marks)
3. Compute the margin of safety in ringgits and as a ratio. (5 marks)

**(Total: 25 marks)****QUESTION 4**

(A) Magika Manufacturing has budgeted the following unit sales:

<u>2018</u>	<u>Units</u>
April	25,000
May	40,000
June	60,000
July	45,000

Of the units budgeted, 40% are sold by the Division A at an average price of RM15 per unit and the remainder are sold by the Division B at an average price of RM12 per unit.

**Required:**

Prepare separate sales budgets for each division and for the company in total for the second quarter of 2018.

**(10 marks)**

(B) Mayline Berhad reports the following costs and expenses in November, 2018.

Factory utilities	RM16,500	Direct labor	RM79,100
Depreciation: Factory equipment	12,650	Property taxes: Factory building	2,500
Office supplies used	4,640	Factory manager's salary	8,000
Depreciation: Delivery trucks	3,800	Repairs to office equipment	1,300
Indirect factory labor	48,900	Factory repairs	2,000
Indirect materials	70,800	Advertising	23,000
Direct materials used	157,600	Sales salaries	48,400

**Required:**

1. Determine the manufacturing overhead. (7 marks)
2. Calculate the product costs. (3 marks)
3. Calculate the period costs. (5 marks)

**(Total: 25 marks)****End of Page**